taiga

striking the right balance

Taiga Forest Products Ltd. 2000 Annual Report

taiga

highlights

for the 12 months ended March 31,	2001	2000	1999	1998	1997
Sales and Income (000's)					
Sales	$ 790,167	$ 904,491	$ 695,013	$ 668,041	$ 611,614
Cash flow from operations	5,287	7,621	6,205	5,383	6,756
Earnings before income taxes	1,717	11,403	9,272	8,435	11,521
Net earnings	841	6,069	5,308	4,530	5,914
Common Share Data					
Common shares outstanding at end of period	3,824,960	3,822,460	3,812,960	3,812,460	3,806,210
Cash flow from operations per share	$ 1.38	$ 1.99	$ 1.63	$ 1.41	$ 1.77
Net earnings per share	0.22	1.59	1.39	1.19	1.55
Shareholders' equity per share	15.17	14.96	13.38	11.99	10.81
Financial Position (000's)					
Working capital	$ 42,237	$ 45,724	$ 36,184	$ 30,279	$ 30,537
Total assets	201,687	241,767	167,522	157,885	134,904
Long-term debt	12,161	14,589	8,232	20	70
Shareholders' equity	58,032	57,171	51,026	45,714	41,134
Capital expenditures	7,631	4,685	8,499	5,619	1,396
Other Data					
Return on sales	0.11%	0.67%	0.76%	0.68%	0.97%
Return on capital employed	1.20%	8.46%	8.96%	9.90%	14.33%
Return on shareholders' equity	1.45%	10.62%	10.40%	9.91%	14.38%
Ratio of current assets to current liabilities	1:33:1	1.27:1	1.33:1	1.27:1	1.33:1
Long-term debt to shareholders' equity	0.210	0.255	0.161	0.001	0.003
Inventory turnover – times per year	10.7	11.8	11.7	11.4	13.8
Average age of accounts receivable – number of days	35.0	32.2	32.0	32.5	32.6

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at a glance

Leading Canadian Distributor

Taiga Forest Products is Canada's largest independent wholesale distributor of lumber, panel products, pressure-treated wood products and related building materials such as insulation, asphalt shingles, wood mouldings and nails. We provide the essential link between manufacturers with large volumes of products to sell, and retailers and industrial customers with smaller, but wider-ranging needs.

Coast-to-Coast Distribution Network

Through our coast-to-coast network of 15 full-service distribution centres, we keep a balanced mix of products close to customers to meet "just-in-time" inventory needs. We also serve the lumber needs of customers in the U.S., both through our distribution centres, and a number of lumber reload centres.

Value-Added Producer

We produce value-added products such as high-quality pressure-treated wood, custom-cut lumber, and fencing panels. We operate state-of-the-art lumber treating plants in Langley, B.C. and Edmonton, Alberta, as well as remanufacturing facilities in Langley, B.C. and Elmira, Ontario. Our value-added products are sold through our national distribution network.

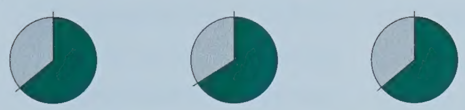
Sales by Geographic Region

2000 - 73% Cdn
27% US

1999 - 68% Cdn
32% US

1998 - 67% Cdn
33% US

■ **Lumber Product Sales**
as a percentage of total sales

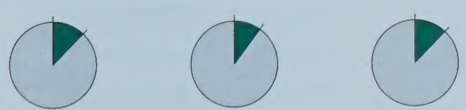


2000 - 64% 1999 - 66% 1998 - 64%

■ **Panel Product Sales**
as a percentage of total sales

2000 - 24% 1999 - 24% 1998 - 24%

■ **Allied Building Product Sales**
as a percentage of total sales



2000 - 12% 1999 - 10% 1998 - 12%

Distribution Centres

British Columbia

1. Nanaimo
10,500 sq.ft. Distribution Centre
2.0 acres Leased

2. Langley
105,000 sq.ft. Distribution Centre
10.0 acres Owned

42,000 sq.ft. Wood Treatment Plant
Envirofor Preservers (BC) Ltd. (Subsidiary)
9.0 acres Owned

3. Kelowna
14,500 sq.ft. Distribution Centre
2.5 acres Owned

4. Prince George
Distribution Centre
1.0 acre Leased

Alberta

5. Calgary
50,000 sq.ft. Distribution Centre
15.0 acres Owned

6. Edmonton
35,000 sq.ft. Distribution Centre
7.0 acres Owned

54,000 sq.ft. Wood Treatment Plant
Envirofor Preservers (Alta) Ltd. (Subsidiary)
8.5 acres, ownership shared equally with Millar Western Industries Ltd.

Saskatchewan

7. Saskatoon
14,400 sq.ft. Distribution Centre
4.0 acres Owned

8. Regina
21,000 sq.ft. Distribution Centre
4.2 acres Owned

Manitoba

9. Winnipeg
14,000 sq.ft. Distribution Centre
4.0 acres Owned

Ontario

10. Sudbury
14,000 sq.ft. Distribution Centre
5.0 acres Owned

11. Brampton
35,800 sq.ft. Distribution Centre
5.3 acres Leased

12. Milton
68,000 sq.ft. Distribution Centre
11.5 acres Owned

30,000 sq.ft. Light Manufacturing Facility
Elmira Wood Products Ltd. (Subsidiary)
18.2 acres Owned

Quebec

13. Boucherville
52,923 sq.ft. Distribution Centre
12.0 acres Owned

14. St. Augustin
36,000 sq.ft. Distribution Centre
7.0 acres Owned

Nova Scotia

15. Dartmouth
10,800 sq.ft. Distribution Centre
3.0 acres Leased

Sales Offices

A. Burnaby
13,662 sq.ft. Head Office & U.S. Trading
Leased

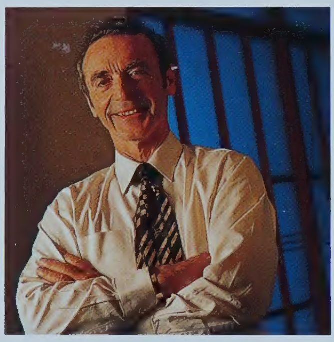
B. Concord
Sales and Administration Office
Dynamic Forest Products Ltd. (Subsidiary)
Leased

C. Laval
Sales Office
Dynamic Forest Products Ltd. (Subsidiary)
Leased

president's report

To Our Shareholders

I am pleased to report that Taiga achieved a profit in fiscal 2000, despite the most difficult market conditions in our 28-year history.



For the year ended March 31, 2001, we achieved earnings of $841,000 ($0.22 per share) on sales of $790 million. While significantly lower than the previous year's earnings of $6.1 million ($1.59 per share) on sales of $905 million, these results represent a major achievement.

Two of our core products, lumber and panel products, which together account for 88% of our sales, remained in a heavy oversupply position throughout fiscal 2000. This caused a steady erosion in prices. As a wholesale distributor stocking these products, Taiga was strongly affected. In order to provide our customers with the supply they depend on, we must maintain adequate product inventories in all 15 of our yards across Canada. With prices continuing to drift downward through most of the year, we were constantly in the position of holding inventory bought at an earlier, higher price.

Our strategy was to reduce the size of our inventory levels as much as possible, to increase inventory turns while continuing to meet customer demand. Together with strong performance from our allied building products, this helped us remain profitable.

Highlights during the year included completion of our new Calgary distribution yard late in fiscal 2000. With a 15-acre site and 50,000 square feet of warehouse space, this new distribution centre triples the capacity of our former facility, which was sold in March 2001. We are now better positioned to take advantage of the booming market in southern Alberta.

As part of our succession planning strategy, we made a number of key management appointments at our distribution centres in B.C. and Eastern Canada. These were mainly internal moves designed to place younger executives in key roles to eventually succeed retiring managers. We are committed to the development of people both for succession and expansion purposes.

Taiga was honoured with two prestigious industry awards during the year. In February, we were selected as "Outstanding Vendor of the Year" at the Hardware and Home Centre magazine's "Best-in-Business Awards." Presented for the first time this year, this award goes to a company showing innovation and creativity through its products, delivery, and sales and marketing programs. The recipient is selected by a

poll of building supply and lumber dealers across Canada. Taiga was also selected as "Best Vendor" in the Lumber and Plywood category. We are extremely proud of these awards, especially because they indicate that customers believe we are providing an outstanding service in Canada.

Outlook

Moving forward into fiscal 2001, market conditions have improved dramatically as recent decreases in interest rates begin to filter through the system. We expect to see continuing strong North American housing starts, enhanced repair and renovation expenditures, and renewed high levels of mobile home activity by the fall of 2001. Accordingly, North American lumber and panel board consumption should return to very high rates during fiscal 2001. This bodes well for Taiga's sales and profitability.

The U.S. market may be more challenging due to the actions of the U.S. Commerce Department in regards to the unresolved softwood lumber dispute between the United States and Canada. A U.S. lobby group called the "Coalition for Fair Lumber Imports" has lodged a formal complaint to the U.S. Commerce Department. The complaint alleges that Canadian lumber is subsidized, and threatens the U.S. lumber industry. This claim seems difficult to reconcile given that lumber prices have doubled since the former softwood lumber quota agreement expired on March 31, 2001. Nonetheless, the matter has been investigated by the U.S. International Trade Commission, which has found reasonable indication of injury to the U.S. industry.

Troubling aspects of the complaint include both the size of the duty being requested, and the fact that the lobby group is asking for a two-pronged assessment, dealing with both countervailing duty and alleged anti-dumping charges at separate rates. A preliminary determination is expected by late June. In the interim, it is possible that Canada and the U.S. may resolve the issue.

In closing, we thank our employees for their dedication and hard work during fiscal 2000. We have had to surmount great obstacles in a discouraging market climate. The resilience of our people in the face of adversity has been truly commendable.

We also thank our company directors, including both our independent directors and the directors from the Berjaya Group, for their input and counsel throughout 2000.

Finally, thank you to all of our shareholders for continuing to support Taiga. We remain committed to increasing the value of your investment.

P. Hamill

Patrick Hamill
President and
Chief Executive Officer

Our strategy was to reduce the size of our inventory levels as much as possible, to increase inventory turns while continuing to meet customer demand. Together with strong performance from our allied building products, this helped us remain profitable.

product review

Highlights:

- *Strong performance from allied building products helps offset decline in lumber and panel prices*
- *Continued growth of Envirofor pressure-treated wood products*
- *Introduction of new allied products: Trex composite decking and Grace roofing underlayment.*

The Right Mix for A Challenging Year

Both in good market conditions, and in tough ones like last year's, Taiga's strategic and balanced product mix plays a critical role in our success.

We have never tried to carry the widest selection of building supplies. Instead, we focus on core products – the basic building products that represent the vast majority of a retail building yard's sales: lumber, panel products and a select mix of specialty wood and allied building materials. By focusing on the basics, we provide our customers with the products they want most, while maintaining the comprehensive support both our customers and suppliers have come to expect.

Increasing Emphasis on Value-Added

Within the product mix, commodity lumber and panel products, including plywood and oriented strandboard (OSB), make up the majority of our sales. This emphasis is owed both to our roots as a lumber wholesaler, and to the fact that lumber and panels are the core products used in most residential construction projects. However, markets for these products are volatile. Last year for example, our sales volumes of both lumber and panels increased, but our dollar sales and profit margins fell because of steadily declining prices.

To balance our exposure to commodity products, we have increased our emphasis on non-commodity products like treated lumber, engineered wood products, and allied building materials ranging from insulation to nails.

Bringing The Best Names Together

At Taiga Forest Products, who we carry is every bit as important as what we carry. We stock the brand names our customers value most. With commodity products like lumber and panel products, we partner with recognized and respected regional lumber and panel producers like Slocan, Nexfor, Millar Western, Tolko, and Tembec. In our allied building lines, we have formed strong distribution relationships with leading national manufacturers like Johns Manville, Owens-Corning, Emco and Grace. During fiscal 2000, we added another high-quality name to our mix: Trex, a maker of composite decking products.

During fiscal 2000, Taiga's allied lines, particularly insulation and roofing products, performed strongly, helping reduce the impact of declining prices for lumber and panels. Our own Envirofor pressure-treated lumber products also performed well. Our first treating plant was constructed on our former New Westminster site in 1987. This facility operated successfully for 12 years. Since opening state-of-the-art treating facilities in B.C. and Alberta in fiscal 1998 and 1999, Taiga has become one of Western Canada's leading producers of high-quality, pressure-treated lumber. The quality of our Envirofor products has won the brand a loyal following and attracted new customers, including big-box retailers like Revy Home Centres.

We also expanded our product mix in fiscal 2000. During the year, we obtained rights to distribute the complete line of Grace roofing underlayment throughout Canada. This high-quality product complements our existing roofing product line. Late in fiscal 2000, we also added Trex products as a complement to our pressure-treated lumber products. Trex is an innovative composite decking material that stands up to the harshest weather conditions without requiring stains or sealants. Used together with Taiga's pressure-treated lumber, it creates a package of products that are ideal for decking applications.

We focus on core products – the basic building products that represent the vast majority of a retail building yard's sales

Slocan Forest Products

"Taiga distributes our lumber and panel products in Canada and the United States. We really view them as strategic partners who, in addition to performing a very valuable distribution function for us, also help us work out marketing strategies appropriate to each region."

Terry Upgaard
Vice-President Sales, Slocan Forest Products Ltd.

distribution network review

Highlights:

- *New, larger distribution centres opened in Saskatoon and Calgary*
- *Strategic response to market conditions coast-to-coast*

Last year's dramatic decline in commodity prices created exceptionally challenging conditions for the people who operate our distribution network. Across the country, we worked to counteract unfavourable market conditions by reducing inventories to a more strategic level, while continuing to meet customers' just-in-time inventory needs. Our operations were also focused on maximizing inventory turns, and building sales volumes, including those of less price-sensitive products like treated wood and allied building products.

The achievements of our people were reflected in the fact that Taiga not only remained profitable, but also went on to be selected "Outstanding Vendor of the Year" in a poll of building supply and lumber dealers.

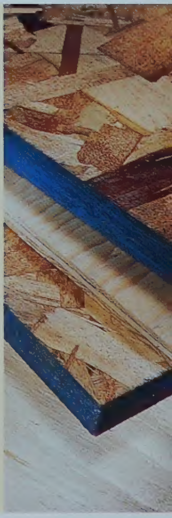
Meeting Customer Needs Coast-to-Coast

Taiga maintains inventory on the ground, close to customers at distribution centres in 15 key Canadian markets. Stretching from Nanaimo, B.C. to Dartmouth, Nova Scotia, our distribution centres stock a full range of core products so that customers can order small, mixed loads of building supplies as they need them – and take delivery in a matter of hours. This enables our customers to

Millar Western

"Millar Western has done business with Taiga for at least 20 years now, and we have always had an excellent relationship with them. It's the people that make the difference. This is a people business, and some of the best people in the business work over at Taiga."

Bill Condratow
Sales Manager, Millar Western Forest Products Ltd.



practice just-in-time inventory management – an important vending strategy, particularly in markets like last year's.

Our coast-to-coast network is also valuable to suppliers. Through Taiga, suppliers can maintain a national presence, and keep an easily accessible reserve of product in all major markets, at a fraction of the cost of maintaining their own distribution networks.

Upgrading the Network

During fiscal 2000, we replaced two of our existing distribution centres with new, larger facilities. In September 2000, we opened a 14,400 square foot distribution centre on four acres of company-owned land in Saskatoon, Saskatchewan. Relocated from a leased 2.2-acre site, this new facility will enable us to distribute a broader range of building products to the northern Saskatchewan market.

We opened another new distribution centre in Calgary, Alberta in March 2001. This facility features a 50,000 square foot warehouse situated on 15 acres of company-owned land in southeast Calgary. The new centre significantly enhances our ability to serve the southern Alberta market, and positions us to capitalize on the continuing economic growth in this region.

Stretching from Nanaimo, B.C. to Dartmouth, Nova Scotia, our distribution centres stock a full range of core products so that customers can order small, mixed loads of building supplies as they need them – and take delivery in a matter of hours.

Tolko Industries

"Taiga's growth over the past 25 years has paralleled our own growth. During the course of our business relationship we have provided excellent support for each other, which has helped to strengthen each company. As Taiga has grown and diversified their product line, Tolko has expanded its supply to meet their needs – it's really been an excellent fit for both companies."

Al Thorlakson
President and CEO, Tolko Industries Ltd.

Nexfor

"Taiga is one of our largest customers. Our long-standing relationship has been a mutually beneficial alliance that has allowed Nexfor/Norbord to pursue growth in key eastern Canadian markets."

Dominic Gammiero
President and CEO, Nexfor Inc.

regional reports

Pacific Region

In British Columbia, the slide in commodity prices was compounded by the lowest housing start activity in the province since 1965. B.C.'s housing starts have been in steady decline since 1997, and reached a low of 14,418 in calendar 2000. Our B.C. operations responded by tightening management, reducing overhead expenses, and continuing to develop offshore sales.

Moving into fiscal 2001, the B.C. housing market is poised for a comeback. Housing starts are expected to rebound strongly because of lower interest rates, and a more positive economic outlook for the province following the recent change in provincial government.

The Prairies

Taiga's operations in Alberta, Saskatchewan and Manitoba also responded admirably to the year's slide in commodity prices. Our distribution centres tapped the region's economic growth to significantly increase sales volumes during the year. Growing sales for non-commodity products like pressure-treated lumber and engineered wood products also helped offset the decline in commodity prices.

Our centres across the region ended the year well-positioned to take advantage of expected improvements in market conditions in 2001. The opening of new, larger distribution centres in Calgary and Saskatoon has equipped us to respond even more effectively to customer needs in these markets, and we are planning upgrades to the Edmonton facility in fiscal 2001.

Eastern Canada

At our centres in Ontario, Quebec and the Maritimes, the challenges of weak market conditions were exacerbated by extremely bitter winter weather. Most winter building activity ground to a halt.

Helping to offset the negative conditions were continuing strong sales to industrial customers, and the excellent performance of Dynamic Forest Products—a new Taiga subsidiary formed in fiscal 1999. Dynamic operates offices in Concord, Ontario and Laval, Quebec to distribute lumber and other related building products within Canada and into the U.S.

Johns Manville

"We really think of Taiga as an extension of Johns Manville. Taiga offers us a direct link to all major customers in Canada, and keeps us up-to-date on emerging trends, so we can satisfy customer demand. The strength of our brand and products, combined with Taiga's expertise, distribution and reach in the marketplace adds up to a very strong partnership."

Jerry Henry
Chairman and CEO, Johns Manville Corporation

Sales of insulation and roofing shingles in Eastern Canada also grew in fiscal 2000, and late in the year, we enhanced our ability to supply value-added products with the opening of an advanced remanufacturing operation in Elmira, Ontario. This facility will supply our distribution centres and customers with fence products, custom-cut lumber, and other value-added items.

Since the end of the year, the outlook for our operations in the region has improved significantly. Pent-up demand created by the poor winter weather has contributed to an exceptionally strong spring building season. With commodity prices improving, and the region continuing to enjoy prosperous economic conditions, our operations in Eastern Canada are looking forward to an excellent year in fiscal 2001.

The United States

Taiga distributes lumber, panel products and other building supplies to U.S. customers, including contractor yards, retailers and buying co-ops, and mobile home manufacturers.

During fiscal 2000, our U.S. sales were hampered by declining commodity prices, a dramatic slowdown in mobile home manufacturing caused by increased interest rates, a glut of inventory, and an overall decline in U.S. housing starts.

Although market conditions have since improved, our optimism about future sales to the U.S. is tempered by the ongoing softwood lumber trade dispute between Canada and the U.S. If the dispute can be resolved satisfactorily, the U.S. market should be excellent for us in fiscal 2001. Lower interest rates, higher commodity prices and a rebound in the mobile home manufacturing industry are all driving a recovery in lumber and panelboard prices, and we are well-positioned to benefit.

Tembec Forest Products

"Taiga is an important customer for Tembec Forest Products Group. Taiga's ability to service a wide network of retailers has improved the presence of our products in key North American markets."

Jean Luc Carrière
Vice President, Softwood Lumber & Panel Sales
Tembec Forest Products Group

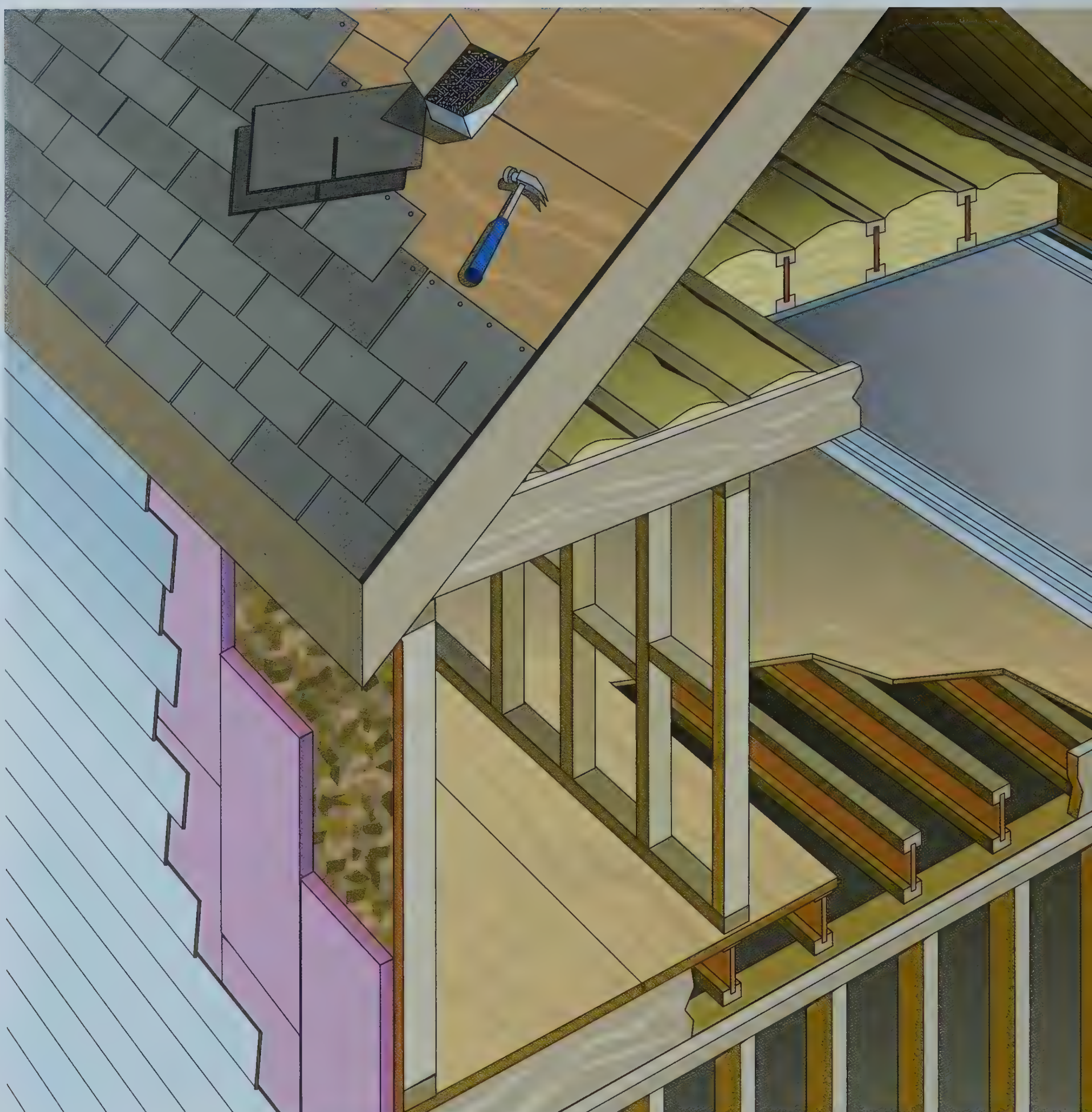
from the inside out

Plywood Panels & Pressure-Treated Plywood Panels
Fir Plywood
Spruce Plywood
Particle Board
Pourform
Hardwood Plywood
Pine Plywood
Plywood Siding
Treated Plywood

Oriented Strandboard

Dimension Lumber
All softwood species, specializing in both Western and Eastern SPF

Engineered Wood Products
"I" Beams & Joists
Laminated Veneer Lumber (LVL)



BPCO

Mansonville Plastics (B.C.) Ltd.

Johns Manville
Fiber Glass Insulation

LP

Pressure-Treated Lumber
Decking
Landscape Timbers & Ties
Fence Boards
Posts & Rails
Shakes & Shingles
Plywood
Preserved Wood Foundations

Wood Mouldings
Finger-jointed pine mouldings
Oak mouldings
Medium Density Fibre Board (MDF) mouldings

Nails

"Johns-Manville" Residential Insulation

"Celfort" Rigid Insulation

"Emco" B.P. Asphalt Shingles

OWENS CORNING CELFORT RESISTO WATERPROOFING SOLUTIONS SUPATIMBER FX Trex

management's discussion and analysis

Taiga Forest Products Ltd. is Canada's largest independent wholesale building products distributor. We specialize in the distribution of dimension lumber and panelboard products, and we are involved in the warehousing, processing, and distribution of a variety of other items, including Johns Manville residential insulation, Emco's line of BP roofing products, Louisiana Pacific Solid Start engineered wood products, Owens Corning rigid insulation, hardwood and softwood mouldings, Trex decking products, and polyethylene sheeting. We also distribute our own Envirofor brand treated wood, which we produce in two wood preservation plants; one in Langley, B.C. owned and operated by us, and a second plant located in Edmonton, Alberta which is owned equally by Taiga and Millar Western Industries Ltd. Sales to the U.S. market originate from our head office in Burnaby, B.C., as well as from a number of our 15 distribution centres across Canada. We also operate an export sales department out of Burnaby, which sells lumber products into the Pacific Rim.

In 1999, we formed Dynamic Forest Products Ltd. Dynamic is a wholesale building products distributor operating from offices located in Concord, Ontario, and Laval, Quebec, selling principally dimension lumber, panelboards, and treated wood products into the Eastern Canada and U.S. markets.

Results of Operations

For the year ended March 31, 2001, our fiscal 2000 consolidated earnings per share were $0.22 on sales of $790 million. This compares to earnings of $1.59 per share on sales of $905 million in the previous year.

Cash generated from operations was $5.3 million ($1.38 per share), compared to $7.6 million ($1.99 per share) in fiscal 1999. Cash from operations includes net earnings of $840,950, depreciation of $1.7 million, an increase in cash flow for future income taxes of $3.4 million, and a reduction in cash flow for the $574,119 gain on the disposal of land and buildings in Calgary, Alberta. Net proceeds of $1.6 million from the disposal of the Calgary assets are included in investing activities.

Sales of lumber products accounted for $503.7 million, or 64% of our total sales (compared to $592.5 million, or 66% in 1999). Panel products accounted for $192.5 million, or 24% of total sales (compared to $219.0 million, or 24% in 2000). Allied product sales increased 1% to $94.0 million, accounting for 12% of sales (compared to $93.0 million, or 10% in 2000).

While unit sales were up, the 12.7% or $115 million year-over-year reduction in consolidated sales reflects a 15.0% or $88.8 million reduction in lumber sales, a 12.1% or $26.5 million reduction in panel product sales, and a 1% or $1.0 million increase in sales of allied building products. This decline in sales revenues was caused by decreasing market prices for our core products, and not by a decline in sales volumes. Lumber volume (measured in thousands of board feet) increased 6.8% over the prior year, and panel volume (measured in thousands of square feet) increased 3%.

The fall in prices was driven primarily by over-production by North American producers following a surge in commodity prices in 1999. Due to industry fragmentation, significant production curtailments did not occur until late in calendar 2000. As the year progressed, a drastic downturn in equity markets also reduced consumer confidence and added to the downward pressure on prices for our core building products.

From April 2000 to mid-January 2001, Random Lengths Lumber Report's price for Spruce-Pine-Fir, random length, 2 x 4, kiln dried, standard and better fell steadily from US $310 per thousand board feet (mfbm) to US $176 mfbm, a drop of 43%. Lumber prices recovered to US $217 mfbm by March 31, 2001. During the April 2000 to mid-January 2001 period, Oriented Strand Board (OSB) prices fell from Cdn $448 per thousand square feet (7/16th inch basis, Toronto) on March 29, 2000 to Cdn $193 per thousand square feet (msf), a 57% decline in market value over the ten-month period. OSB prices recovered marginally to Cdn $207 per msf by March 31, 2001. Canadian softwood plywood prices (3/8ths inch basis, Toronto/Montreal) fell from Cdn $453 at March 31, 2000 to Cdn $326 per thousand square feet in January 2001.

Despite falling prices, demand for building products was strong during the year, and contributed to our increase in sales volumes. Canadian housing starts, as reported by Canada Mortgage and Housing Corporation for the calendar year ended December 31, 2000, were 151,653, a 1% increase over the previous year. In the U.S., the Census Bureau reported total housing starts of 1.6 million units for calendar 2000, down marginally from 1.7 million units in 1999. The strong housing start levels helped us efficiently manage inventory levels and remain profitable despite the continued downward price pressure throughout the year. We focused on tight inventory management, keeping inventory at the minimal levels required to meet customer needs, while reducing risk and minimizing our inventory carrying costs.

Our results were also assisted by strong performance from our allied building product lines and value-added products during the year. Envirofor treated wood products, Johns Manville residential insulation and Emco's line of BP roofing products all experienced increased sales and profitability. In addition, the contribution to profit from engineered wood continues to grow as this substitute product establishes itself within our product line. We will continue to focus on diversifying our product mix with complementary value-added niche market products.

Financing Activities

There were no significant changes in our existing banking arrangements during the year. Under the terms of Taiga's agreements with two major chartered banks, we have access to a maximum revolving operating facility of $135.0 million. At March 31, 2001, we were using $84.4 million of this facility. We also have $16.0 million in unutilized term financing available to us. In addition, as of March 31, 2001, we have an outstanding balance of $14.6 million owing on a $20.0 million term debt facility used in previous years. Of this, $2.4 million is included in current liabilities to be repaid during the 12 months ending March 31, 2002. Our bank loans are secured by the general assignment of inventory and accounts receivable, and general security agreements in favour of the banks.

Investing Activities

Our expenditures for property, plant and equipment totaled $7.6 million in fiscal 2000, compared to $4.7 million in 1999. Major capital projects included the purchase of 15 acres of land and the construction of a new expanded distribution centre in Calgary, Alberta; completion of the new Saskatoon, Saskatchewan distribution centre; the purchase of an additional three acres of land adjacent to our existing property in Langley, B.C., which will be used for future expansion of the Envirofor Preservers (BC) Ltd. wood treatment facility; preliminary investment in wood-handling equipment in the Toronto area to be used for light manufacturing; and leasehold improvements at the Burnaby, B.C. head office. The remainder of Taiga's capital expenditure was directed toward upgrading existing facilities and equipment.

On September 25, 2000, we opened our new four-acre 14,400 square foot distribution centre in Saskatoon, Saskatchewan. Relocated from a leased 2.2-acre site, this new expanded facility will enable us to distribute a broader range of building products to the northern Saskatchewan market. In March 2001, we opened another new, expanded distribution centre in Calgary, Alberta with a 50,000 square foot building, located on 15 acres in southeast Calgary. This new centre will significantly increase our ability to service the southern Alberta market, and position Taiga to capitalize on the continuing economic growth forecast for the region. Taiga's former 4.1-acre freehold Calgary land and building was disposed of in March 2001 for $1.6 million.

In February 2001, we began operations at our new advanced remanufacturing plant in Elmira, Ontario. This facility will supply our eastern Canadian branches and customers with a variety of products, including fence products and custom-cut lumber.

Our capital expenditure plan for the 2001 fiscal year (ending March 31, 2002) totals $2.0 million. We plan to upgrade our distribution facility in Edmonton, Alberta with improvements to the storage yard substrate, renewal of the yard pavement, and construction of additional dry storage sheds on the seven-acre site that will increase the centre's dry storage by approximately 25%.

We also plan to undertake storage yard improvements and stabilization at Envirofor Preservers (Alta) Ltd. in Edmonton, Alberta in fiscal 2001. We will share in 50% of the cost of applying roller compacted concrete to this 8.5 acre site. This is a significant site improvement designed to reduce the cost of equipment maintenance and material handling, and increase plant efficiency. The remainder of the 2001 capital plan includes improvement of existing facilities and equipment throughout our national distribution network.

During 2000, capital expenditures of $7.6 million were financed from operations. We have adequate term debt credit facilities to finance our 2001 capital expenditure plan.

Financial Position

At March 31, 2001, shareholders equity had increased to \$58.0 million from \$57.2 million in the previous year. Working capital decreased by \$3.5 million to \$42.2 million, and the current ratio improved to 1.33 : 1 from 1.27 : 1 at March 31, 2000.

Risk Factors

Inventory

The wholesale building products distribution industry is characterized by large sales volumes and low gross margins. It is highly sensitive to price, quality, timeliness of delivery and continuity of supply. In addition, the demand for some of our products is cyclical and prices can change rapidly.

Taiga's buying practices are designed to minimize the risk of rapidly changing prices, although there can be no assurance that such practices will reduce risk. We do not generally hedge our inventory risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and optimal customer service. It is our management policy to turn inventory approximately 12 times per annum, however, as a wholesale building products distributor, we maintain significant quantities of inventory, the value of which is subject to the risk of changing prices.

Currency

The performance of the Canadian dollar compared to the U.S. dollar presents a certain valuation risk for inventories purchased specifically for U.S. markets. We do not generally hedge these inventories with U.S. exchange forwards, relying instead on rapid inventory turnover. We continually monitor exchange trends and sell most U.S. receipts into the spot market at the most advantageous rate possible. We also make limited use of U.S. Exchange Forward contracts. At March 31, 2001, we had outstanding obligations to sell US\$5.5 million at an average rate of Cdn \$1.5476 during 2001.

Credit Risk

Taiga extends credit to customers, and this credit is generally unsecured. Since the loss of a large receivable can have a substantial effect on our profitability, we employ credit insurance on our largest accounts to reduce the potential for exposure to large credit losses. We also have a system of credit management to mitigate the risk of losses due to the insolvency or bankruptcy of customers.

Interest Risk

We use significant leverage to finance day-to-day operations. The interest cost of our revolving bank facility is prime based. During the fiscal year ending March 31, 2001, the Canadian bank prime rate increased from 7% at March 31, 2000 to 7.5% in May 2000 and then decreased to 6.75% in March 2001. Increased interest rates will increase our operating costs and may reduce net profit after income tax. We monitor current interest rates as they affect operating cost, and we selectively use interest rate swap agreements to diversify our interest rate exposure.

U.S. Softwood Lumber Agreement

The Canada U.S. Softwood Lumber Agreement, a managed trade agreement, expired March 31, 2001. On April 2, 2001, the Coalition for Fair Lumber Imports Executive Committee filed petitions for the imposition of anti-dumping and countervailing duties on softwood lumber from Canada with the U.S. Department of Commerce and the U.S. International Trade Commission. The petitioners allege that anti-dumping duties ranging between 22.5% and 72.9%, and countervailing duties of at least 39.9% should be imposed on imports of certain softwood lumber from Canada.

In response to the petition, the International Trade Commission has instituted a preliminary injury investigation, and the Department of Commerce is expected to decide whether to initiate anti-dumping and countervailing duty investigations. On May 16, 2001, the U.S. International Trade Commission voted unanimously that there is "reasonable indication" that the U.S. lumber industry has been injured by imports from Canada, or is threatened with injury. The amount of anti-dumping and/or countervailing duties, if any, that may be assessed on imports of softwood lumber from Canadian exporters cannot be determined at this time and will depend on factual and legal determinations yet to be made by the Department of Commerce and the International Trade Commission and any reviewing courts and NAFTA panels to which those determinations are appealed. As wholesale distributors, we do not expect the eventual outcome of this dispute to affect us to the same extent that it may affect primary producers.

Outlook

The key market indicators for building product demand in the residential construction market are housing starts, mortgage interest rates, repairs and renovation spending, and economic growth, as measured by gross domestic product.

Canadian housing starts remain historically strong. Canada Mortgage and Housing Corporation (CMHC) is forecasting total annual housing starts to increase 4.5% to 158,600 in 2001. In their May 11, 2001 Market Trends publication, Scotiabank reported that Canada's housing market continues to outperform expectations. Benefiting from a powerful combination of favourable borrowing costs, low inventories of unsold homes, appreciating new home prices and rising incomes, seasonally adjusted annual housing starts rose 3.1% in April to 162,300 units. Scotiabank goes on to say that given the underlying strength in residential building permits, construction activity will remain a major source of strength in the economy into the summer of 2001.

In the United States, the U.S. Federal Reserve has lowered the Federal Funds rate a total of 2.5 percentage points, from a recent high of 6.5% in January 2001 to 4.0% at May 17, 2001. Although the U.S. National Association of Home Builders (NAHB) is forecasting a 2.3% reduction in total housing starts for 2001 to 1.563 million units, an increase in April 2001 US retail sales appears to indicate an unexpected rise in US consumer confidence. The May 14th rate cut is thought to be the Federal Reserve's insurance policy to facilitate the economic upturn that the federal policy makers have been promising for the latter half of 2001.

The Canadian bank prime interest rate is 6.25%, down 125 basis points from the recent high of 7.5% in January 2001. Reductions in Canadian and US regulatory rates may

spill over into the residential borrowing market, resulting in lower mortgage interest rates. Lower borrowing rates support a strong market for building materials for 2001.

The Bank of Canada continues to maintain a positive outlook for the U.S. economy. In the Spring Monetary Policy Report, it indicated that there is an expectation of increased U.S. economic growth in the second half of 2001. In Canada, the energy and construction sectors have enjoyed recent strong performance. This should improve consumer confidence and create demand for big-ticket expenditures. Stronger consumer confidence will typically have a positive impact on the building supply market as homeowners purchase larger homes, and increase expenditures on repairs and renovation spending.

In Canada, renovation and repairs spending accounts for more than half of all combined spending on new residential construction and renovation. For the calendar year ended December 31, 2000, CMHC is expected to report that renovation spending increased from \$24.88 billion to \$24.91 billion dollars. This is not a significant increase, but recent statistics indicate continued strength in the existing housing resale market, which typically indicates continued growth in renovation spending.

Monetary policy and improved consumer confidence may be influencing the commodity markets. Lumber prices, as reported on May 11th by Random Lengths Lumber Reporter, increased to US \$311 per thousand board feet from US \$217 at the end of March. OSB 7/16ths delivered to Toronto/Montreal was reported by Crows Publications up from Cdn \$207 at the end of March to Cdn \$341 on May 14th. Continued price increases should improve our profitability in these markets.

In the coming year, we will continue to focus on our core business of adding value to our customers' business by providing "just-in-time" delivery of mixed truckloads of building materials to our retail customers. Helping our customers maintain profitability will directly and positively affect our own profitability. In addition, we will continue to search out niche market opportunities in Canada, the U.S. and abroad, and continue to build and expand our value-added wood preservation business.

For the fiscal year ended March 31, 2001, approximately 26.5% of our total sales and 35% of our lumber sales were destined for the U.S. market. The expiration of the U.S. Softwood Lumber Agreement has resulted in some uncertainty in selling into this market. As a wholesaler, we have successfully operated under previous countervailing duty and Canadian export tax rules. We are confident that we will continue to sell profitably into the U.S. market following the transition to a new managed trade arrangement with the U.S. In the meantime, we are working to develop other value-added and niche products to diversify and complement our product mix both at home and abroad.

Management's Responsibility

The information and representations in this report were prepared by Taiga Forest Products Ltd. management. The financial statements were prepared in conformity with accounting principles generally accepted in Canada and, where necessary, reflect management's best estimates and judgements. The financial information presented throughout this report is consistent with that contained in the financial statements.

The Company maintains systems of internal accounting controls, policies and procedures to provide reasonable assurance as to the reliability of the financial records and safeguarding of its assets.

The financial statements have been examined by the Company's auditors, Deloitte & Touche LLP, and they have issued their report thereon.

The Board of Directors is responsible for overseeing management in the performance of its responsibilities for financial reporting. The Board exercises its responsibilities through the Audit Committee comprised of three Directors, two of whom are not officers of the Company. The Committee meets from time to time with management and the Company's auditors to review the financial statements and matters relating to the audit. The Company's auditors have full and free access to the Audit Committee. The financial statements have been reviewed by the Audit Committee which recommended their approval by the Board of Directors.

P.E. Hamill

Patrick E. Hamill
Chief Executive Officer,
Vancouver, B.C.
April 30, 2001

Auditors' Report

To the Shareholders of Taiga Forest Products Ltd.

We have audited the consolidated balance sheets of Taiga Forest Products Ltd. as at March 31, 2001 and 2000 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2001 and 2000 the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles consistently applied.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
April 30, 2001

Consolidated Balance Sheets

		2001	2000
ASSETS			
CURRENT			
Accounts receivable		$ 86,169,592	$ 109,642,961
Inventories	Note 2	78,442,632	104,407,003
Prepaid expenses		695,691	1,681,216
Income tax recoverable		5,333,007	–
		170,640,922	215,731,180
OTHER ASSETS AND INVESTMENTS		401,643	40,477
FIXED ASSETS	Note 4	30,644,120	25,721,321
FUTURE INCOME TAXES	Note 9	–	274,320
		$ 201,686,685	$ 241,767,298
LIABILITIES			
CURRENT			
Bank indebtedness	Note 6	$ 84,413,245	$ 122,009,432
Accounts payable		41,562,381	45,177,124
Current portion of long-term debt	Note 7	2,428,600	2,428,600
Income taxes payable		–	392,273
		128,404,226	170,007,429
LONG-TERM DEBT	Note 7	12,160,625	14,589,225
FUTURE INCOME TAXES	Note 9	3,090,240	–
		143,655,091	184,596,654
SHAREHOLDERS' EQUITY			
Capital stock	Note 8	12,029,460	12,009,460
Retained earnings		46,002,134	45,161,184
		58,031,594	57,170,644
		$ 201,686,685	$ 241,767,298

APPROVED BY THE DIRECTORS:

Patrick E. Hamill, Director

J. Brian Aune, Director

Consolidated Statements of Earnings and Retained Earnings

	2001	2000
SALES	$ 790,166,932	$ 904,490,870
COST OF SALES	744,702,552	848,952,789
GROSS PROFIT	45,464,380	55,538,081
EXPENSES		
Distribution, selling and administration	37,834,981	38,839,983
Interest		
Current	5,165,499	4,068,329
Long-term	1,118,815	865,053
	44,119,295	43,773,365
OPERATING INCOME	1,345,085	11,764,716
NON-OPERATING INCOME (EXPENSE)	372,396	(362,081)
EARNINGS BEFORE INCOME TAXES	1,717,481	11,402,635
INCOME TAXES	876,531	5,334,010
NET EARNINGS FOR THE YEAR	840,950	6,068,625
RETAINED EARNINGS, BEGINNING OF YEAR	45,161,184	39,092,559
RETAINED EARNINGS, END OF YEAR	$ 46,002,134	$ 45,161,184
Basic earnings per share	$ 0.22	$ 1.59

Consolidated Statements of Cash Flows

		2001	2000
OPERATING ACTIVITIES			
Net earnings		$ 840,950	$ 6,068,625
Items not requiring an outlay of funds			
Depreciation and amortization		1,656,050	1,572,781
Gain on disposition of fixed assets		(574,119)	(5,614)
Future income taxes		3,364,560	(14,396)
		5,287,441	7,621,396
Change in non-cash operating working capital	Note 11	41,083,242	(59,661,127)
		46,370,683	(52,039,731)
FINANCING ACTIVITIES			
(Repayment) issuance of long-term debt		(2,428,600)	7,248,032
Issuance of capital stock		20,000	76,000
		(2,408,600)	7,324,032
INVESTING ACTIVITIES			
Proceeds on disposition of fixed assets		1,626,139	41,687
Purchase of fixed assets		(7,630,869)	(4,684,999)
Other assets and investments		(361,166)	128,571
		(6,365,896)	(4,514,741)
NET CASH INFLOW (OUTFLOW)		37,596,187	(49,230,440)
BANK INDEBTEDNESS, BEGINNING OF YEAR		(122,009,432)	(72,778,992)
BANK INDEBTEDNESS, END OF YEAR		$ (84,413,245)	$(122,009,432)

		2001	2000
SUPPLEMENTAL INFORMATION:			
Interest Paid		$ 4,896,287	$ 4,567,854
Taxes Paid		$ 4,143,140	$ 5,796,236

Notes to the Consolidated Financial Statements

1. ACCOUNTING POLICIES

(a) Consolidation

These financial statements include Taiga Forest Products Ltd. and its wholly-owned subsidiaries, Envirofor Preservers (B.C.) Ltd., 548421 British Columbia Ltd., 548422 British Columbia Ltd., 624858 British Columbia Ltd., 2903 Ltd., Dynamic Forest Products Ltd., and Taiga Forest Products General Partnership.

(b) Investments

Investments in corporations in which the Company exercises significant influence are accounted for by the equity method, whereby the investment is initially recorded at cost and is adjusted to recognize the Company's share of earnings or losses and reduced by dividends and distributions received.

(c) Fixed assets and depreciation

Fixed assets are recorded at cost and depreciation is provided annually using the following methods and rates:

	Rate	Method
Buildings	5%	Declining balance
Furniture and office equipment	8% to 30%	Declining balance
Warehouse and manufacturing equipment	10% to 30%	Declining balance
Other properties	2-1/2%	Straight-line
Leasehold improvements	20%	Straight-line

(d) Inventories

Yard, reload, remanufacturing and treating inventories are valued at the lower of average cost and net realizable value.

(e) Revenue recognition

Sales are recognized at the time products are shipped to external customers.

(f) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Share based compensation

The Company has one share based compensation plan which is described in Note 8. No compensation expense is recognized for the plans when shares or share options are issued to directors, officers and employees. Any consideration paid by directors, officers and employees on exercise of share options or purchase of shares is credited to share capital.

(h) Income taxes

Effective April 1, 2000, the Company adopted the new accounting recommendations for income taxes issued by the Canadian Institute of Chartered Accountants, whereby the Company accounts for income taxes using the future income tax method of accounting. Under this method future income tax liabilities and future income tax assets are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of income tax assets, including unused tax losses are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such losses will be ultimately utilized. These future income tax assets and liabilities are measured using enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized. This accounting change has been applied retroactively without material effect to prior year's numbers.

2. INVENTORIES

	2001	2000
Lumber products	$ 52,777,044	$ 69,135,729
Panel products	11,608,577	19,212,955
Allied building products	14,057,011	16,058,319
	$ 78,442,632	104,407,003

3. OTHER ASSETS AND INVESTMENTS

During the year ended March 31, 1999, the Company acquired a 50% equity interest in Envirofor Preservers (Alta) Ltd. for $1. As at March 31, 2001 the carrying value of the investment, including amounts advanced, is $389,740.

4. FIXED ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 8,748,006	$ –	$ 8,748,006	$ 6,909,273
Buildings	21,054,555	3,764,536	17,290,019	14,246,218
Furniture and office equipment	2,248,782	1,394,394	854,388	1,031,978
Warehouse and manufacturing equipment	6,227,281	3,356,009	2,871,272	2,626,711
Other properties	683,277	409,183	274,094	294,084
Leasehold improvements	1,401,159	794,818	606,341	613,057
	$ 40,363,060	$ 9,718,940	$ 30,644,120	$ 25,721,321

5. FINANCIAL INSTRUMENTS

The Company has financial instruments which include accounts receivable, bank indebtedness, accounts payable and accruals, and long-term debt, the carrying values of which approximate fair values at March 31, 2001 and 2000.

Financial risk is the risk to the Company's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates.

5. FINANCIAL INSTRUMENTS (continued)

(a) Interest rate risk

The Company is exposed to interest rate fluctuations through its financing and cash management activities in the form of long term debt. To manage this exposure, the Company has entered into three interest rate swap agreements, two three-year agreements with The Bank of Nova Scotia and one three-year agreement with HSBC. These interest rate swaps convert the floating rate loans to a fixed rate basis.

Counterparty	Maturity Date	Notional Amount	Fixed Interest Rate	Market value at March 31, 2001
HSBC Bank of Canada	June 28, 2002	$ 3,000,000	5.920%	54,600
Bank of Nova Scotia	June 30, 2002	3,000,000	5.865%	45,436
Bank of Nova Scotia	August 18, 2003	10,000,000	6.280%	339,202

The effect of the swap income is recorded in income as it is incurred.

(b) Foreign exchange risk

Approximately 27% (2000 - 30%) of the Company's sales are denominated in US currency. Normally cash receipts from these sales are sold into the spot market at prevailing interest rates. As at March 31, 2001, the Company has outstanding obligations to sell US$5.5 million (2000 - US$2.5 million) at an average rate of Cdn $1.54764 during 2001 (2000 - Cdn $1.47336). Based on the exchange rate at March 31, 2001, there is no significant unrealized gain or loss with respect to these commitments.

6. BANK INDEBTEDNESS

	2001	2000
Excess of cheques written over cash in bank	$ 9,400,421	$ 12,332,562
Credit facility secured by a general assignment of book debt and inventories and general security agreements in favour of the banks. This credit facility bears interest at bank prime.	$ 75,012,824	$ 109,676,870
	$ 84,413,245	$ 122,009,432

7. LONG-TERM DEBT

	2001	2000
Loan payable, bearing interest at bank prime plus 1/4%. payable monthly. Principal is payable in equal quarterly instalments of $357,150 commencing April 1999, with the balance due on March 31, 2003.	$ 6,964,225	$ 8,392,825
Loan payable, bearing interest at bank prime plus 1/4%. payable monthly. Principal is payable in equal quarterly instalments of $250,000 which commenced September 1998. Loan is to be repaid in full on June 30, 2003.	7,625,000	8,625,000
	14,589,225	17,017,825
Less: current portion	2,428,600	2,428,600
	$ 12,160,625	$ 14,589,225

8.CAPITAL STOCK

(a) Authorized 50,000,000 common shares

Issued and outstanding

	Number of Shares		Amount
March 31, 1999	3,812,960	$	11,933,460
Issued on options	9,500		76,000
March 31, 2000	3,822,460		12,009,460
Issued on options	2,500		20,000
March 31, 2001	3,824,960	$	12,029,460

(b) The Company has established a stock option plan for directors and employees. The Company has reserved 192,000 common shares for this plan, which vest over a five year term. Details are as follows:

	March 31,2001			March 31, 2000		
	Shares		Weighted-Average Exercise Price	Shares		Weighted-Average Exercise Price
Outstanding at beginning of year	175,750	$	9.02	185,250	$	8.97
Exercised	(2,500)		8.00	(9,500)		8.00
Outstanding at end of year	173,250		9.03	175,750		9.02
Options exercisable at year-end	117,250	$	8.76	71,750	$	8.62

9. INCOME TAXES

The reported income tax differs from the amount computed by applying the Canadian basic statutory tax rates to the net income. The reasons for this difference and the related tax effects are as follows:

		2001		2000
Expected income tax expense	$	764,279	$	5,085,185
Effect of manufacturing and processing deductions		(100,201)		(135,265)
Non-deductible expenses and other deductions		784,204		369,641
Benefit of temporary differences recognized		(652,900)		(14,440)
Other		81,149		28,889
	$	876,531	$	5,334,010

Future income taxes result principally from temporary differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. Significant components of the Company's future tax assets and liabilities are as follows:

		2001		2000
Future income tax assets				
Book and tax base differences on assets and liabilities	$	569	$	442,599
Future income tax liabilities				
Book and tax base differences on assets and liabilities		(3,090,809)		(168,279)
Net future income tax assets (liabilities)	$	(3,090,240)	$	274,320

10. COMMITMENTS

The Company has obligations in respect of operating leases for premises and equipment as follows:

2002	$	2,250,102
2003		1,948,233
2004		1,089,366
2005		403,230
2006		300,184

11. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

Changes in non-cash operating working capital resulted in the following increase (decreases) in cash:

	2001	2000
Accounts receivable	$ 23,473,369	$ (38,861,360)
Inventories	25,964,371	(31,593,779)
Prepaid expenses	985,525	(827,709)
Accounts payable	(3,614,743)	11,676,490
Income taxes	(5,725,280)	(54,769)
	$ 41,083,242	$ (59,661,127)

12. SEGMENTED INFORMATION

The Company operates primarily in the wholesale products distribution industry segment.

During the year ended March 31, 2001, the Company had export sales of Cdn $209,202,000 (2000 - Cdn $288,139,000), primarily to the United States.

corporate information

Board of Directors

J. Brian Aune
Montreal, Quebec

Jimmie Bradshaw
North Vancouver, B.C.

H. Douglas Butterworth
West Vancouver, B.C.

Patrick E. Hamill
Burnaby, B.C.

Douglas Morris
Toronto, Ontario

Saul Spears
Toronto, Ontario

Chee Fong (Paul) Yeong
Kuala Lumpur, Malaysia

Robert Yong Kuen Loke
Kuala Lumpur, Malaysia

Meng Kwong Lim
Kuala Lumpur, Malaysia

Kok Kay (Alain) Lee
Pompano Beach, Florida

Officers

Patrick E. Hamill
President, CEO

Jimmie Bradshaw
Vice President,
Building Materials

Douglas Morris
Vice President,
Eastern Operations

Lloyd Hansen
Chief Financial Officer

Patrick J. Furlong
Secretary

Transfer Agent

Computershare Trust
Company of Canada
Vancouver, B.C.

Auditors

Deloitte & Touche, LLP
Vancouver, B.C.

Stock Exchange

Toronto
Trading Symbol – TFP

Solicitors

Davis & Company
Vancouver, B.C.

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604.438.1471

Postal Address

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Annual General Meeting
The 8th Annual General Meeting of the Company will be held in the Strathcona Room of the Four Seasons Hotel, 791 West Georgia Street, Vancouver, B.C. at 11:00 am on July 17th, 2001.

Printed in Canada

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